



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Sachi A. Hamai, Executive Officer-
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

21At its meeting held August 14, 2007, the Board took the following action:

46-D

Supervisor Antonovich made the following statement:

“This week the Auditor-Controller released serious and disconcerting findings following an audit of the procurement practices of the Department of Children and Family Services. The recommendations in the report require immediate corrective action. However, it is a very positive sign that, upon gaining indications of long-term irresponsible procurement practices within the Department, one of the first steps that the new Department of Children and Family Services Director promptly took, early in her administration, was to risk transparency by personally initiating the external, neutral audit by the Auditor-Controller. This was to ensure accountability to the County’s children and families served by Department of Children and Family Services. Now, Department of Children and Family Services has the tough job of correcting this situation.”

Therefore, Supervisor Antonovich made a motion that the Board instruct the Chief Executive Officer, in conjunction with the Auditor-Controller and the Director of Children and Family Services to take the following actions:

1. Report back to the Board within 30 days and quarterly thereafter on the following actions to correct the findings in the audit conducted by the Auditor-Controller on the Department of Children and Family Services’ procurement practices:
 - A Corrective Action Plan that addresses the deficiencies identified in the Department of Children and Family Services’ Procurement Section, including, but not limited to, changes in practices and procedures and disciplinary actions taken;

(Continued on Page 2)

46-D (Continued)

- Progress in implementing the specific recommendations of the Auditor-Controller's report; and
- A review of the Countywide procurement policy and practices that may lead to or allow the type of deficiencies and wasteful practices revealed by the current audit within any County Department.

Patricia Mulcahey addressed the Board.

After discussion, Supervisor Yaroslavsky made the following statement:

"I concur with the motion as introduced by Supervisor Antonovich and offer this amendment to provide additional Board direction in implementing the recommendations made by the Auditor-Controller in his August 3, 2007 Phase One review of the Department of Children and Family Services' procurement practices. Specifically, the Auditor-Controller makes the following observations:

- Department of Children and Family Services' Procurement personnel manually track purchases, supplies and inventory. Given the size of this Department, maintaining accurate records is challenging with a manual system;
- Under the current organizational structure of Department of Children and Family Services, Procurement is overseen by an Administrative Services Manager II, which may not be a sufficiently high-level position;
- Corporate Express, a Department of Children and Family Services' contractor, may have violated its County contract;
- Countywide, not all procurement staff may be knowledgeable about County purchasing policies and guidelines; and
- Additionally, Auditor-Controller staff concurs that procurement is one of the areas where fraud is most frequently identified within the County bureaucracy."

(Continued on Page 3)

Therefore, Supervisor Yaroslavsky made a suggestion that Supervisor Antonovich's motion be amended, in addition to the recommendations made by the Auditor-Controller in review, to instruct the Chief Executive Officer, in conjunction with the Director of Children and Family Services, the Auditor-Controller and the Director of Internal Services, to take the following actions:

1. Instruct the Chief Executive Officer and Director of Children and Family Services to determine the feasibility of establishing an automated inventory system and, as part of this review, should specifically explore the possibility of the Department of Children and Family Services' participation in the eCAPS pilot (to be implemented in July 2008), and report back in 60 days;
2. Instruct the Chief Executive Officer to examine the possibility of creating a permanent ASM III position to oversee the Department of Children and Family Services' Procurement, and report back in time for consideration of the Fiscal Year 2007-2008 Supplemental Budget in September;
3. Instruct the Chief Executive Officer to work with the Director of Children and Family Services, Director of Internal Services and County Counsel to determine possible contract violations by Corporate Express, and take legal action as necessary;
4. Instruct the Chief Executive Officer, Director of Internal Services and Auditor-Controller to work together to conduct a training program within 120 days, and annually thereafter, for all Department procurement employees, supervisors and managers to reinforce County procurement policies and procedures; and
5. Instruct the Auditor-Controller to assess the need to conduct specialized procurement audits of County Departments and report back to the Audit Committee within 60 days. The Auditor-Controller's assessment should include the identification of Departments with significant procurement risks; recommendations on the scope and frequency of these audits; and a priority listing of Departments to be audited based on such factors as the amount and nature of procurement transactions.

(Continued on Page 4)

46-D (Continued)

Supervisor Antonovich accepted Supervisor Yaroslavsky's amendment.

Supervisor Antonovich's motion, as amended, seconded by Supervisor Yaroslavsky, was unanimously carried.

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Copies distributed:

- Each Supervisor
- Chief Executive Officer
- County Counsel
- Auditor-Controller
- Director of Children and Family Services
- Director of Internal Services
- Chairperson, Audit Committee